

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF FRANK E BRICKELL

) File No. 1300385
)

NOTICE OF HEARING

TO THE RESPONDENT: Frank E Brickell (CRD# 3257725)
World Trade Financial Corp.
2425 Camino Del Rio South
Suite 200
San Diego, CA 92110

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953, [815 ILCS 5/1 et seq.,] (the "Act") and 14 Ill Adm Code 130, Subpart K, a public hearing will be held at 300 W. Jefferson Avenue, Suite 300A, Springfield, Illinois, 62702, on the 15th day of January, 2013 at the hour of 10:00 a.m. or as soon thereafter as counsel may be heard, before Jon K. Ellis or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order should be entered denying Frank E. Brickell (the "Respondent") registration as a salesperson in the State of Illinois and/or whether to grant such other relief as may be authorized under the Act, including, but not limited to, imposition of a monetary fine in the maximum amount, pursuant to Section 11.E (4) of the Act, payable within ten (10) business days of the entry of the Order

The grounds for such proposed action are as follows.

1. At all times relevant hereto, Respondent was registered as a salesperson in the State of Illinois pursuant to Section 8 of the Act
2. FINRA (the Financial Industry Regulatory Authority) is a private, non-governmental organization that is registered with the United States Securities and Exchange Commission as a self-regulatory organization pursuant to the Securities Exchange Act of 1934.
- 3 At all times relevant hereto, Respondent was FINRA-registered and a principal of, and a Chief Compliance Officer for, World Trade Financial Corp (WTFC), a FINRA-registered firm.

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- 4 On March 8, 2013, FINRA entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by Respondent and others regarding File No. 2010022543701, which sanctioned Respondent as follows:
 - a fined \$40,000, and
 - b. suspended from association with any FINRA member in any capacity for nine months
5. The FINRA suspension is effective from August 9, 2013 through May 8, 2014
- 6 By signing the AWC, Respondent accepted FINRA's findings of fact
 - a Between March 2009 and August 2011, WTFC, acting through Respondent, used the means and instruments of interstate commerce to effect, as agent in the account of a sole proprietor Customer, sales of approximately 27.8 billion shares of common stock, at penny and sub-penny prices, of at least 12 issuers for which no registration statement was in effect pursuant to Section 5 of the Securities Act of 1933. The subject transactions resulted in approximately \$60.2 million in proceeds. The securities and transactions were not otherwise exempt from registration
 - b. Neither WTFC nor Respondent conducted a searching inquiry into such facts as the history of the issuers of the stock, each of whom consisted of a little known company with short operating history and thinly traded stock. WTFC and Respondent also failed to conduct a searching inquiry regarding the source of shares that the Customer acquired from third parties. WTFC and Respondent also ignored red flags indicating that the Customer was engaging in the unlawful distribution of securities. WTFC, acting through Respondent and others, failed to establish, maintain, and enforce adequate supervisory procedures relating to unregistered sales of restricted securities
 - c. WTFC, acting through Respondent (after he was designated the Anti-Money Laundering Compliance Officer), failed to establish and maintain a system reasonably designed to monitor for, detect, and investigate suspicious activity to determine whether WTFC was required to file a Suspicious Activity Report.
7. Respondent also acknowledged the following violations:
 - a NASD Rule 3010, requiring the establishment of a supervisory system and adoption of adequate Written Supervisory Policies and Procedures;

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- b. FINRA Rule 2010, requiring members to comply with the efforts of FINRA staff conducting an investigation; and
 - c. FINRA Rule 3310, requiring members to develop and implement a written anti-money laundering program reasonably designed to achieve and monitor the member's compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, *et seq*), and the implementing regulations promulgated thereunder by the Department of the Treasury
8. Respondent's disciplinary history includes a January 6, 2012 decision (Admin Proc. File No. 3-14307) by the Securities and Exchange Commission, upholding a May 12, 2009 FINRA Hearing Panel decision (Disciplinary Proceeding No. 2005000075703) that fined Respondent in the amount of \$15,000 and suspended him for 30 days from association with any FINRA member in any capacity. FINRA alleged that Respondent, WTFC, and others engaged in the unregistered sale of 2.3 million shares of a thinly traded penny stock between December 2004 and March 2005. An appeal is currently pending in the Ninth Circuit Court of Appeals and the sanctions are not in effect.
9. Section 8.E(1)(j) of the Act provides, *inter alia*, that the registration of a salesperson may be suspended or revoked if the Secretary of State finds that such salesperson has had membership in or association with any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act suspended, revoked, refused, expelled, cancelled, barred, limited in any capacity, or otherwise adversely affected in a similar manner arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization
10. Section 11 of the Act provides, *inter alia*, that the Secretary of State may suspend or revoke the registration of a salesperson after an opportunity for hearing upon not less than 10 days notice given by personal service or registered mail or certified mail, return receipt requested, to the person or persons concerned
11. By virtue of the foregoing, Respondent has violated Section 8.E(1)(j) of the Act and is subject to an order which revokes the Respondent's registration as a salesperson of securities in the State of Illinois pursuant to Sections 8 E(1)(j) and 11 of the Act.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130.100 *et seq*) (the "Rules") to file an answer to the allegations outlined above or a Special Appearance pursuant to Section 130.1107 of the Rules, or other responsive pleading within thirty (30) days of the receipt of this Notice. A failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing

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You may be represented by legal counsel, present evidence, cross-examine witnesses and otherwise participate. However, a failure to appear shall constitute default.

Delivery of Notice to the designated representative of the Respondent constitutes service upon such Respondent.

ENTERED: This 12th day of November, 2013

A handwritten signature in black ink that reads "Jesse White" with a stylized flourish at the end.

JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State

Shannon Bond
Illinois Securities Department
300 W. Jefferson St., Suite 300A
Springfield, Illinois 62702
Telephone: (217) 524-0648

Hearing Officer.

Jon K. Ellis